A 36 40.81

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

C-81 June 30, 1932

WORLD COTTON PROSPECTS

Summary

During May and the first half of June further unfavorable developments occurred in the domestic cotton situation including a decline of about 10 per cent in cotton consumption and 11 per cent in carded cloth production from the reduced levels of April, associated with the continued unfavorable general business situation and further declines in the stock market and commodity prices. This in addition to disturbing factors in Europe caused cotton prices to drop to the lowest levels in many years.

Although domestic consumption of American cotton in May was the smallest for any month for more than a decade, exports for the month were sufficiently larger than a year earlier to cause the apparent supply remaining in the United States to decline more than in May, 1931. Total stocks of American cotton in the United States on June 1 this year, however, were still almost 3,500,000 bales larger than a year earlier, and were the largest on record for that period of the year.

During the first ten months of the present season domestic exports of raw cotton exceeded the exports from August to May last season by 1,652,000 bales. Total exports of Indian cotton during the same period were approximately 1,425,000 equivalent bales of 478 pounds less than in 1930-31. American cotton has also been purchased this season by many who ordinarily use Chinese cotton. The reduced crops in India and China in addition to the record supply of the domestic staple largely explain this heavy movement of American cotton.

The domestic cotton crop apparently made good progress up until early June when excessive rainfall in many sections is reported to have been detrimental. The official acreage estimate will not be available until about July 8. The trade estimates that the area will be reduced between 5 and 10 per cent. From December through May fertilizer tag sales were about 41 per cent below a year earlier and the lowest for a like period for more than ten years. Reports from Russia indicate that there may be some increase in acreage although the final estimates may not be much larger than the 1931 estimate. China may plant about the same acreage as last year.

Prices

Spots

In early June prices of American cotton in domestic markets declined to the lowest levels in many years. In New York, spots went to 5.00 cents per pound on June 9 which was 0.31 cents below the low of 1898. In New Orleans, however, spots on June 9 were quoted at 4.95 which was 0.20 cents above the low of 1898. The 10 spot markets on June 9 averaged 4.76 cents, a new low for the season and compares with 7.62 cents on June 9, 1931. Since June 9 spots in domestic markets have recovered about 0.30 cents per pound, the 10 markets averaging 5.06 cents on June 21. One month earlier (May 21) the 10 markets averaged 5.52 cents, making a net decline for the month of almost one-half cent per pound.

In Liverpool spot prices of American cotton moved about in line with New York spots during the month as a whole which is generally the case. The spot market in Havre is reported to have shown greater weakness than domestic markets recently.

The movement of prices of American and Indian cottons during the past few weeks in the Liverpool market has brought little net change in the relation of the two with a tendency for Indian to become slightly more expensive as compared with American. In Bremen Agricultural Attache reports that there has been little change in the relative prices of American and Indian in the past three months.

Futures

There has been no material change in the relation of the futures and spots quotations for American cotton, the movement of futures prices being about in line with fluctuations in spots.

The advance in prices during the second week in June was probably due almost entirely to the persistent rains in some sections of the Cotton Belt and the resultant fear of heavy weevil damage and to the slight advance in stocks prices.

Stocks and Movement

Domestic exports

Although exports of American cotton in May showed some seasonal decline from April, the total of 501,000 running bales as reported by the Bureau of the Census was about 49 per cent above May, 1931, more than twice as large as May, 1930, and was the largest for the month since 1928. For the 10 months August - May the total movement of cotton from the United States amounted to 7,898,000 bales which was 1,652,000 bales or 26 per cent above the corresponding period last season and was the largest for a like period since the 1913-14 season except in 1926-27.

During the first eight months of the season the heavy export movement was due to the large takings by Japan and China, but during April and May Great Britain and the Continent accounted for most of the increase over a year earlier. During the two months April and May combined, Great Britain, France and Italy each took about twice as much American cotton as during the same period last season. During these two months exports to Germany were 32 per cent larger than in April and May 1931.

It has been pointed out from time to time that the reduced crops in India, China and Japan, the high rate of mill activity in the Orient and the large domestic crop have been the important factors contributing to increased exports of American cotton this season. Without the substantial decrease (about 20 per cent) in the Chinese crop, China would probably not have taken such a large amount of American cotton this season and while Egypt has exported the equivalent of about 218,000 bales of 478 pounds more cotton so far this season than last, this amount might have been larger except for the 25 per cent decrease in her production. While exports of American cotton were 1,652,000 bales larger during the first ten months this season than last, total exports of Indian cotton so far this season have totaled about 1,425,000 equivalent bales of 478 pounds less than in the like period last season. A part of this decrease was attributable to the decline in Indian production (the 1931-32 crop being almost 1,000,000 bales of 478 pounds less than the previous one) and a part to the large requirements of Indian mills.

While a part of the heavy purchases of American cotton this season represents a regaining of the markets lost through the increased competition of foreign cotton in recent years it seems probable that many mills may use American cotton this season for the first time. Perhaps some permanent benefits to the American producer will result from the situation in that additional manufacturers may discover the advisability of using the domestic product even with more favorable prices for foreign cottons relative to American than exists at present or even on the average.

Exports of Indian cotton

From August 1 to June 9 total exports of Indian cotton amounted to only 1,309,000 running bales which was 1,703,000 running bales or 57 per cent less than during this period in 1930-31, according to data from the Commercial and Financial Chronicle. During recent weeks Indian cotton has become relatively cheaper as compared with American which perhaps is at least partially accountable for the fact that during the five weeks ended June 9 the Indian exports were only 49 per cent below the same period last season.

The greatest relative decline has been in the exports to the Continent the total for this season to June 9 being 65 per cent below the like period in 1930-31. Great Britain has taken 57 per cent less and Japan and China 51 per cent less.

Exports of Egyptian cotton

From August 1 to June 8 total exports of cotton from Alexandria amounted to 914,000 running bales, which was 147,000 bales or 19 per cent greater than the similar period in 1930-31 (data from the Chronicle), and 94,000 bales or 11 per cent larger than the 1929-30 season. This increase has taken place despite the fact that the 1931-32 Egyptian crop was 25 per cent smaller than the previous one and 27 per cent smaller than the 1929-30 crop. The explanation apparently lies in the fact that the Egyptian Government has been selling from their stocks in many cases on very favorable credit terms. A report from H. Earle Russell, American Consul at Alexandria, received this month gives the stocks of Government cotton held on April 28 this year compared with a year earlier, which shows they are approximately half as large now as a year ago. At about the end of April the Government owned stocks were reported at the equivalent of 314,000 bales of 478 pounds.

Of the 147,000 bale increase in exports over last season Great Britain alone accounted for 103,000 bales, the Continent and India 20,000 and America 24,000 running bales. During the five weeks ended June 8 exports of Egyptian cotton dropped slightly below the same period last season, due largely to the decline in the movement to the Continent and India.

The apparent supply of American cotton in the United States

Due to the excess of exports during May over those in May 1931 which was sufficient to more than offset the lower domestic consumption, the disappearance of American cotton from the United States during last month was larger than during the same month last year. The total disappearance from August 1 to May 31 this season has been a little over 1,600,000 bales greater than during the same period in 1930-31, but due to the larger cary-over at the beginning of this season and the more than 3,000,000 bale increase in production, there was on May 31, 1932 apparently almost 3,500,000 bales more American cotton in the United States than at the same time last year. The apparent supply in the United States at the end of May this year amounted to practically 11,300,000 bales, whereas a year earlier there were about 7,800,000 bales in the United States and compared with 8,415,000 bales at the same time in 1921.

By deducting the stocks of cotton held in consuming establishments and in public storage and at compresses we have a rough approximation of stocks held "elsewhere" in the United States which includes cotton on farms, etc.; cotton coastwise; cotton in transit to ports, interior towns, and mills; and cotton for export on shipboard but not cleared. At the end of May this cotton amounted to something like 2,310,000 bales, a decrease during the month of 181,000 bales or 7 per cent and was 1,140,000 bales or 97 per cent above the same date last year.

Forwardings to mills

From August 1 to June 10 the total amount of cotton moving out of sight or forwarded to mills amounted to 17,766,000 running bales which was 1,145,000 bales or 7 per cent greater than during the same period last season, according to data from the Commercial and Financial Chronicle. Forwardings of American cotton during this period totaled 13,245,000 running bales compared with 11,473,000 bales in the like period of 1930-31 or an increase of 15 per cent, whereas foreign cotton moving out of sight this season up to June 10 totaled only 4,521,000 bales or 12 per cent less than last season.

During recent weeks mill takings have not maintained the increase over a year earlier as was true during most of the season. For the five weeks ended June 10 total forwardings were reported at 1,283,000 running bales which was 20 per cent less than during the same period last season. A similar comparison of American shows a decrease of 15 per cent, and of foreign cotton a decrease of 29 per cent from the corresponding five weeks last season.

Continental spinners takings

During the four weeks ended May 13, continental spinners takings of American cotton amounted to 327,000 running bales which were slightly (7,000 bales) below the previous four weeks, but were 45,000 bales or 16 per cent above the corresponding period last year, according to data from Agricultural Attaché Steere at Berlin. For the season to the middle of May continental spinners took about 100,000 bales more American cotton than in the like period last season. This is the first time since 1926-27 that these takings for the season to mid-May have exceeded those during the same period the previous season.

The Textile Situation

United States

Unfavorable developments in the general business situation and the continued low level of sales have caused rather sharp reductions in mill activity during the past two months. In March total domestic consumption of raw cotton amounted to 489,000 running bales or about the same as a year earlier, but in April there was a 25 per cent decline in consumption from March and a drop from April, 1931, of 28 per cent. In May there was a further drop, the 332,000 bales consumed being the smallest for any month since December, 1920, was 10 per cent less than the previous month and was 29 per cent below a year earlier. At the end of May the total consumption for the season was reported at 4,270,000 bales which compared with 4,358,000 bales during the same period last season. This was the first time this season that the consumption from the beginning of the season as reported by the Bureau of the Census has been less than in the like period of 1930-31.

During May there was a substantial increase in the sales of carded cotton cloth in the United States, the weekly average amounting to 36.4 million yards, or 42 per cent above the low levels of April and was slightly above the March levels. This together with a further curtailment in production of about 11 per cent for the month resulted in a ratio of sales to production of 79.3 per cent compared with 49.9 per cent in April and 58.1 per cent in March. Shipments, or what is now called billings, increased slightly in May and were larger than sales so that the net effect for the month showed an increase in stocks of 4.4 per cent and a decrease in unfilled orders of 11.3 per cent. On the whole the report of the Association of Cotton Textile Merchants of New York from which the above data were obtained, was perhaps more favorable than had been anticipated.

Great Britain

The British cotton textile industry is still probably considerably more active than a year ago but is probably not so active as two or three months ago. During recent weeks the general world-wide economic uncertainties as well as domestic labor difficulties and the further decline in cotton prices have been disturbing factors tending to restrict sales. Exports of cotton piece goods, however, have held up, the total for May equaling 201,000,000 square yards compared with 199,000,000 square yards in April, and 203,000,000 square yards in March, and were the largest for two years with the exception of March. From August 1 to the end of May total piece goods exports amounted to 1,645,000,000 square yards which were 209,000,000 square yards or 15 per cent greater than in the same period last season. Exports thus far this season, however, have been much lower than for a like ten months period for many years, except in 1930-31.

Continental Europe 1/

May brought no significant change in the continental cotton textile situation, although the further decline of raw material prices exerted an unfavorable influence during most of the month. Seasonal improvement in mill business was of very limited extent and generally spotted in character. Critical financial conditions and the exceedingly low level of business operations in virtually all continental countries, coupled with further aggravation of the political situation in central Europe, have continued to govern both sentiment and actual business in the cotton industry and distributing trades. Cotton circles voice no hope of improvement until the rising surge of political uncertainty has subsided, and some definite trend becomes evident in both the political and economic outlook. For months the cotton industry, like most other industries, has been contending with new and unforeseen developments arising almost over-night, and this situation still prevails.

Continental cotton textile centers indicate little change in the volume or character of cotton yarn and cotton cloth sales, as compared with

1/ Based on a report from Agricultural Attaché L. V. Steere at Berlin, dated June 6, 1932, supplemented by cable June 14.

the reduced level of orders booked in April. Seasonal revival in sales of cloth has remained spotted, due to uncertainty about price developments - induced by the continued decline of raw material - as well as by reduced purchasing power and general business uncertainty. Moreover, spinners and weavers are pessimistic as to future prospects, even though stocks of cotton yarn and cloth in the contral European countries and Italy are relatively modest and would seem to enable the placing of materially larger orders for goods once deterrent influences lose their force. There is little doubt but that unfilled orders on the books of both spinners and clothmakers are at very low levels in all countries.

Cotton mill activity throughout central Europe, because of the developments pictured above, has undergone no substantial change during May, though a slight increase in operations may have occurred in France and Belgium, and a certain decrease seems to have occurred in Italy. Generally speaking, operations are close to minimum level, and no substantial further decline seems to be in prospect, unless a marked turn for the worse should appear in the field of international trade. Mill activity on the Continent up to the present time has not been significantly effected by the numerous foreign exchange restrictions. The necessity character of cotton goods, and the fact that cotton in a non-competitive product, as well as the importance of the cotton industry as an employer of labor, place cotton in a preferred position among imported commodities, and it is likely to rank after indispensible foodstuffs in the allotment of foreign currencies and other restrictive measures for the curtailment of imports which are now so widely being employed in European countries. Even cotton, however, will not escape some pressure from restrictions on foreign exchange allotments if trade balances require more drastic measures, and there is some evidence from certain central European countries, including Germany, that exchange allotments for raw cotton imports are not satisfactory to all concerned. To what extent these complaints are due to efforts to forestall raw material difficulties is not apparent, but it is quite obvious from the relatively large imports of raw cotton into central European countries in recent months - considering current levels of consumption - that there has been a fairly widespread effort on the part of merchants and spinners to anticipate their raw material requirements because of the shortage of exchange.

Continental spinner buying of raw material has been relatively restricted during May, but with a fair amount of purchases for near delivery by central European interests. New crop cotton has been entirely neglected. A considerable volume of price-fixing, however, has been induced by the much reduced level of raw cotton prices now prevailing. This applies particularly to central European spinners. The general quietness of the raw material market during May was doubtless partially attributable, on the other hand, to the influence of the Whitsun holidays, one of the important European holiday seasons.

Germany

Reports of the Cotton Spinners and Weavers Association in Germany for the month of May show that the month brought no improvement in either yarn or cloth business, but that new orders were further reduced except for some seasonal pick-up in orders for cotton goods. Unfilled orders for yarn were equivalent to only a short period of operations. The continued decline in

the raw market has made for great reluctance on the part of buyers, with the result that the volume of new business booked by both spinners and weavers has been generally poor.

The German spinners report of April likewise indicated very small business, with practically no revival in yarn sales and comparatively little calling on old contracts. Weekness in the raw meterial market was an important factor during April, even though yarn prices were so low as to be the object of general complaint by spinners. The German clothmakers also reported quiet business during April, with only spotted improvement in bookings of summer fabrics. The weekness of raw material prices likewise influences wholesale distributors of cotton goods, notwithstanding very low margins quoted by cloth mills. In this connection, a recent report of the German Institute for Economic Research points out that margins for both spinners and weavers have declined during the first few months of the current year, undoubtedly as a result of the increasingly critical situation in foreign trade.

Actual data on activity in German cotton spinning and weaving mills is not available beyond March, but spinning activity rose considerably during the first three months of 1932 from 86.9 per cent in January to 98.9 per cent in March, since which time a further rise seems doubtful. The March level, however, was about 15 per cent above operations in March, 1931, and about on a par with activity two years ago. Operations in the cloth mills have been fluctuating somewhat in recent months, but tending to hold around a level of 75 per cent capacity on basis of a nine-hour shift. Occupation in the cloth mills is thus considerably above the rate prevailing a year ago, and about on a par with two years ago, in other words, it is tending to parallel the movement of spinning operations.

The press has announced an agreement between the two large cotton weavers' associations in Southern Germany and Rhineland-Westphalia to reduce production by up to 20 per cent, beginning June 6, for at least four weeks, with a provision that the agreement can be prolonged. This decision cannot be without effect on the occupation of spinning mills. The extremely unsatisfactory margins of the industry have brought about this step.

Net imports of raw cotton into Germany so far this year are on a level with last year's figures, with imports from August 1 to the end of April amounting to 232,000 metric tons or the equivalent of approximately 1,070,000 bales of 478 pounds as compared with about 1,061,000 bales for the same period last year and 1,195,000 bales two years ago. Increased imports in recent months, when compared with imports of previous years, are believed to reflect, to some extent, an effort by spinners to obtain raw material before serious difficulties in securing foreign exchange have materialized, but it is also true that German consumption of cotton in recent months has been holding considerably above consumption at this time last year. German imports of cotton yarn and cloth have again fallen to low levels, following increased imports in December, January and February, when foreign dumping competition stimulated relatively large bookings. The subsequent decline is attributed to restrictions of foreign exchange allotments. Exports of German cotton goods have also fallen to low levels, or to half or one-third as much as in the corresponding periods of previous years.

Spinner purchases of raw cotton at Bremen were relatively small during May, though with a slight improvement evident toward the end of the month. On the other hand, early May witnessed considerable price-fixing by spinners and the covering of some needs for near cotton. Later, the Whitsun holidays played a considerable role in the restriction of raw cotton business, while some merchants also complained of the effect of curtailed currency allotments on spinner interests for new purchases of raw material.

Germany exchanging fertilizer for Egyptian cotton

It was reported during May that negotiations were on between 12 Bremen cotton importing firms, and the Egyptian Government relative to the acquisition of 25,000 to 30,000 bales of Egyptian cotton out of Government stabilization stocks. It was further reported that this purchase of cotton would be made against delivery of artificial fertilizer from the German Dye Trust. Although confirmation of the actual conclusion of this trade is not obtainable, it is believed that the agreement has been completed.

Czechoslovakia

The position of the cotton textile industry in Czechoslovakia is reported to be growing steadily worse. The seasonal revival usually evident for cotton cloth in the spring months has remained far below normal, with both domestic and foreign demand undergoing drastic contraction. An additional blow to export possibilities has been a recent announcement of a further curtailment of Hungarian imports of cotton goods, the takings of which from Czechoslovakia were already reduced by the fact that the commercial treaty between the two countries has been out of force for some months. The import quota for Czechoslovakian cotton goods just arrived at in negotiation with France is also regarded as unfavorable to the Czechoslovakian cotton industry, although cotton goods exports to France are not very important.

The steady dwindling in Czechoslovakia's export outlets for cotton textiles has also been aggravated recently by the continued decline in the price of raw meterial, as well as by numerous bankruptcies among Czechoslovakian textile consumers in foreign countries. All in all, therefore, the prospects for raw cotton consumption in Czechoslovakia in the coming months are not at all encouraging and in early June the spinners association announced that all mills would be shut down one month this summer.

Austria

The cotton mill situation in Austria continues very unfavorable; it has not been improved by recent political and financial developments. It is not impossible, however, that matters may take an even more unfavorable turn unless constructive steps to correct the weak position of the currency are taken in the near future.

Austrian imports of raw cotton since the first of the season have been relatively high in comparison with last year and the year before, but this is not a development based on increased mill activity in cotton consumption. It reflects the efforts of the industry to procure raw materials before restrictions on the allotment of foreign exchange would interfere with the flow of supplies.

France

Reports from French textile centers during May indicate relatively quiet demand for yarn, though some improvement was evident in Alsace. Sales of cotton fabrics were also restricted, particularly at Roubaix-Tourcoing, but a somewhat more satisfactory demand for cloth was indicated at Rouen, especially for colored goods, though grey goods continued neglected. The best demand, relatively speaking, came from the French colonies. For May as a whole, there is every indication that business was better than the relatively poor trade in April although the attitude of buyers continued one of caution.

General political uncertainty, due partially to the delay in forming a new French Government, and weakness in the raw cotton market are indicated to have been factors of considerable weight in both the cotton goods and raw material markets during the month. Spinner buying of raws at Havre was unusually quiet, and the same was true of price fixing, contrary to developments in central Europe, where more active interest in price fixing was registered. New purchases by spinners were confined to spot cotton, and interest in new crop was practically nil. Havre reports also stated that the Egyptian Government has discontinued efforts towards further liquidation of its stabilization stocks, apparently in hopes that better prices will prevail for raw cotton later.

Negotiations have been going on in France for some time in regard to import contingents for cotton goods from England, Czechoslovakia and Germany, and these negotiations are now reported to have come to an end. Taking average imports into France during the three years 1929-1931 as a basis, the contingent for 1932 in the case of Germany varies from 35 to 77 per cent of the basis figures. These quotas are expected to come into force on July 1, but must be ratified before that date by the respective Governments.

Italy

The Italian textile situation during May showed no essential change over April, but the general tone of trade comment is not quite so favorable as hitherto from the standpoint of possible future developments.

Mill consumption of American cotton continues around 15 per cent above consumption last year, and yarn sales remain somewhat larger than current production, with yarn stocks tending to recede slowly, as for some time past. Possible unfavorable developments in future business for the Italian textile industry are not as yet reflected in the order situation. Unfilled orders for yarn and cloth have continued to increase slowly in May and are now 20 per cent above last year, but still materially below bookings in the three years previous. Spinning activity is also still holding to the levels hitherto prevailing. These facts indicate the maintaining of a cautious production policy in the Italian cotton spinning industry. Opinion is not lacking, however, that threatened unfavorable developments in both domestic and export markets may bring about a reversal of previous trends.

Spinner buying of raw cotton has remained small and mostly for near positions, while price fixing continues moderate.

Russia

Production of finished fabrics in Russia during April was reported about 2 per cent short of that during the foregoing month, but fully 16 per cent above the corresponding month a year ago. The total quantity produced was reported as 234,577,000 yards which was 92.6 per cent of the monthly plan. Yarn production was about sustained at March levels; the monthly plan, however, was completed to a larger extent than with finished fabrics, actual production falling only 2.5 per cent behind the plan, compared with 7.4 per cent in the case of finished goods.

Failure to utilize equipment fully is given as the chief reason for the cotton industry's lagging behind its plan, rather than a shortage of raw material as has been the case some years. According to the data for the first quarter of the current year, 16.98 per cent of all equipment was idle during the first three months of 1932 in consequence of shortage of electric power, shortage of fuel, lack of supplementary material and frequent repairs. Fluctuations in personnel were another important factor, figures for the first quarter of 1932 indicating that 13.85 per cent of the workers were new workers engaged during that period, while 13.14 per cent of the old workers left. Poor working discipline, resulting in frequent absence from the plant without any important reason, is also mentioned.

The present pace of cotton textile production does not promise the execution of this year's production plan, which provides for a total output of 3,347,510,000 yards of finished fabrics, or about 25 per cent increase over 1931.

Recently it has been reported that Russia has planned to purchase a considerable amount of Egyptian cotton which may mean that some Russian cotton will be marketed in Europe.

China

The cotton market at Shanghai has become inactive recently and Chinese cotton and yarn prices have increased in sympathy with American cotton and poor domestic demand, Agricultural Commissioner Dawson at Shanghai cabled on June 15.

Yarn stocks were reported as accumulating. During the last week in May yarn demand improved but during the first half of June the market became dull due to poor demand from north China and only moderate business from the interior and south China. The Chinese complain of strong competition from Japanese yarn. The piece goods market in early June was also weak with only a small volume of business transacted. Shanghai mills at mid-June were operating at about 80 per cent of capacity with some mills considering future reductions in operations. A month earlier it was estimated that activity in the Chinese owned mills was about 90 per cent of capacity. It will be remembered that in February military operations resulted in a decline in activity to about 35 per cent of capacity.

Arrivals of American cotton, October to April inclusive, have been about 697,000 bales of 478 pounds according to Mr. Dawson's cable which compares with something like 279,000 bales during the same period last season. Arrivals of Indian cotton during the like period this season totaled 137,000 equivalent bales of 478 pounds or about half as much as from October to April 1930-31. Stocks of raw cotton (mostly American) were heavy at both the wharves and mills at mid-June and only a small amount of forward bookings was taking place although some increase in the purchases of Indian cotton was reported. Arrivals of native cotton at Shanghai continue small, but stocks of such cotton at Chengchow, Tientsin and Tsinan were reported as larger than usual due to the dealers holdings hoping for higher prices.

Japan

Yarn production in Japan during April amounted to 240,000 bales of about 400 pounds each which compared with 232,000 bales in March and 206,000 bales in April, 1931. This was the largest monthly yarn production for more than two years and has only been exceeded four times (the four months September to December, 1929) in the history of the Japanese industry. With considerably larger proportions of American cotton being used than ever before this high rate of activity means that the monthly consumption of American cotton was at record levels. A recent cable from Japan states that yarn production in May amounted to 233,000 bales which was slightly below April.

Exports of cotton cloth from Japan amounted to 135,000,000 yards in April which was 15,000 bales below the previous month, but almost twice as large as last December when cloth exports fell to 76,000 bales.

Imports of American cotton continue to run above last year while imports of Indian cotton have continued much lower than the corresponding period of 1931. As a result of the import movement visible stocks of American cotton in Japan are higher than last year and stocks of Indian lower.

A report from Consul Donovan in early June stated that Japanese spinners had been reaping fair profits during the previous two months and that weavers' margins had been good. Export demand for low count yarns was said to have been good and weavers of some fabrics were reported to have been sold out until mid-August.

Production, Acreage and Crop Conditions

United States

During most of the planting and harvesting season up until early June weather conditions on the whole had been fairly favorable for the development of the crop, but recently there has been a considerable amount of rain. The rains have been so persistant and general that this is said to have been the principal cause of the advance of about $1.50 per bale in prices from June 9 to June 21. There are three possible detrimental effects of too much rain, first, the possible effect on the growth of the plant, second, the increased difficulties of cultivation, and third, the fact that rainy conditions are generally more favorable to the development of the boll weevil.

Fertilizer tag sales in May were 30 per cent below May, 1931, and were the lowest for that month since 1926. From December 1 to May 31 total sales of fertilizer tags in 8 States amounted to only 1,782,000 tons which was 41 per cent below the same period last season and was considerably lower than during the like period for more than a decade.

On July 8 the official acreage estimate will be released and will probably receive more attention than usual since it is generally admitted that the acreage this year will probably be more difficult to estimate than usual. At present private agencies are estimating that the acreage this year will be between 5 and 10 per cent below last year.

Russia

The Russian cotton planting campaign is nearing its completion, with 95.5 per cent of the plan reported planted as of May 25. Total area sown to that date in the Union as a whole was reported at 5,802,000 acres as compared with 5,817,000 acres reported for the same date a year ago, and 5,346,000 acres the final acreage reported for 1931. As was the case last year, the campaign was drawn out beyond the optimum sowing dates, with only 55.9 per cent of the plan reported planted on May 5, when sowings were supposed to be completed, according to Government plans; but this represents considerable improvement over last year when only 39.4 per cent of the plan was sown to that date. Should the acreage reported as having been planted exceed the actual acreage to anything like the same extent it did last year, the 6,076,000 acres called for in the plan will not be reached. Last year reports from Russia stated that up to June 20, 6,207,000 acres had been planted, which was 861,000 acres or 16 per cent greater than the final acreage reported. There may be some attempt this year to prevent such a discrepancy.

Complaints have been frequent in the Soviet press about poor field work and a delay between ploughing and planting. It has also been stated that some regions of Middle Asia, the chief cotton producing region of the Union, will experience a scarcity of water in the irrigation system. However, these complaints are more or less of a perennial character, reappearing each season at this time of the year.

China

Present reports indicate that the 1932 cotton acreage in China will be about the same as last year. Shchsi, Honan, Hopei and Shangtung report that the new crop has had a good start due to favorable rains at planting time.

Egypt

The first three weeks of May were abnormally cold in all parts of Egypt, but weather conditions improved during the last of the month, according to a report from Senior Marketing Specialist, P. K. Norris at Cairo, Egypt, dated June 1, 1932. Low temperature accompanied by high humidity and fog were common to most of the country during the first half of the month. This condition was responsible for more than the usual amount of replanting; particularly was this true in the lower delta where cold, damp nights and high winds

added to the unfavorable growing conditions. The entire crop of Egypt is from ten to fifteen days late according to the section of the country.

Early planting is reported as doing well, but late and replanted fields are still in poor condition. The crop of Upper Egypt is expected to start blooming in a few days and become general by the middle of June. In Lower Egypt blooms are not likely to be seen before July 1. No insect damage is reported.

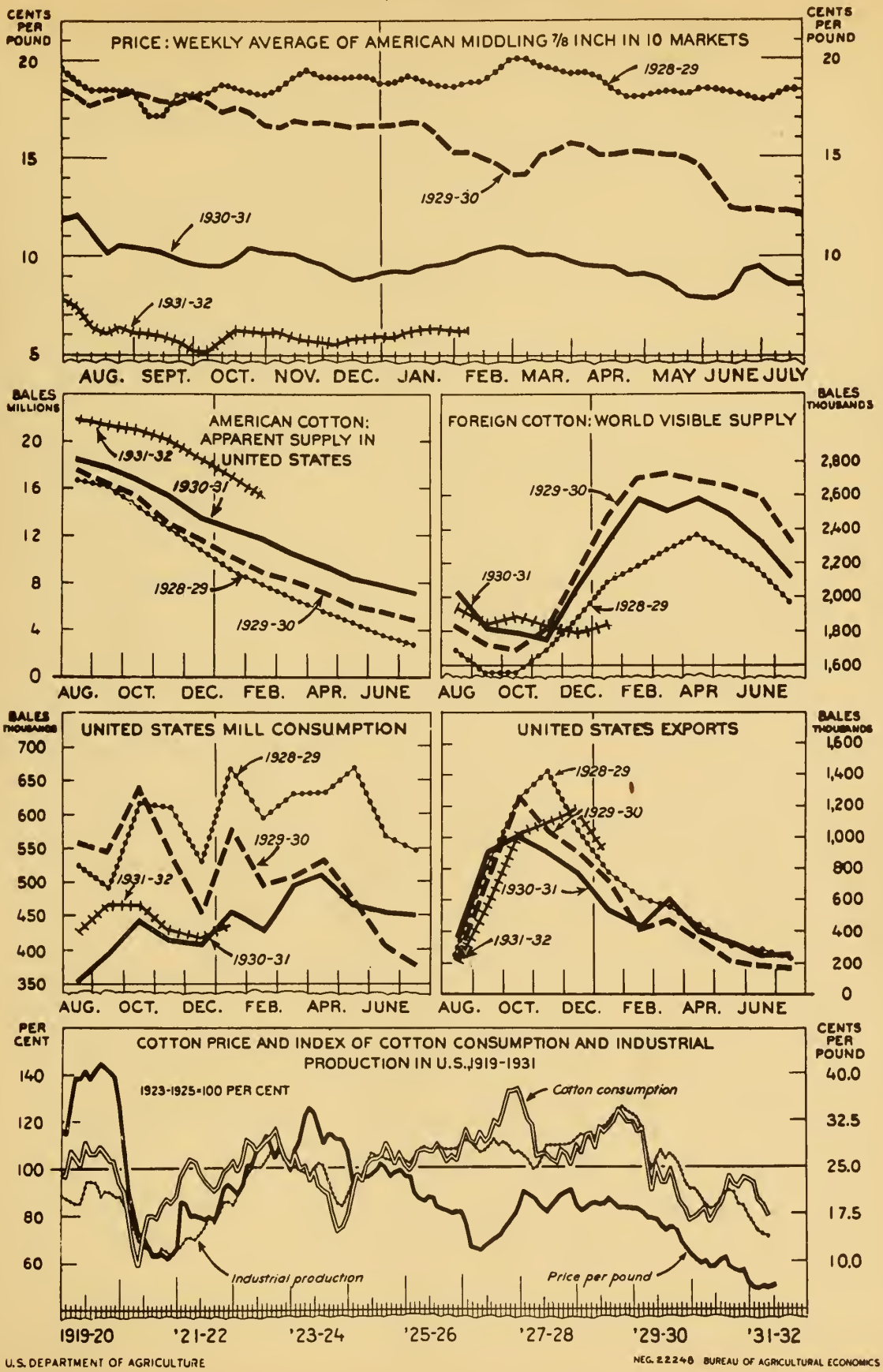
Fields do not look as clean as a year ago. This is said to be due to the present condition of the farmer who is trying to cut production expenses to a minimum. Very little help is being employed and wages are very low. Private reports state the amount of commercial fertilizer used this season has fallen from 40 to 50 per cent below previous years.

The Nile is reported at normal flow and the canals were all filled during May. Watering so far is on the basis of six days water and twelve days dry for cotton. The heavy water requirements, however, will come from the latter part of June until the flood season in September.

Egypt is always more or less subject to a water shortage during this summer period.

- - - - 0 - - - -

THE COTTON PROSPECT



U.S. DEPARTMENT OF AGRICULTURE

NEG. 22248 BUREAU OF AGRICULTURAL ECONOMICS

UNIVERSITY OF FLORIDA
3 1262 08863 1337

U.S DEPOSITORY

C-81

CONTENTS

			PAGE
1	-	Summary	1 - 2
2	-	Prices	2
3	-	Stocks and Movement	3 - 5
4	-	Textile Situation	5 - 6
5	-	Continental Europe	6 - 12
6	-	Production, Acreage and Crop Conditions	12 - 14